

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

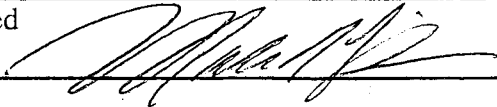
FROM: Larry D. Lisenbee

SUBJECT: See Below

DATE: August 25, 2004

Approved

Date



8/26/04

**SUBJECT: APPROVAL OF VARIOUS ACTIONS RELATED TO THE
IMPLEMENTATION OF THE 2004-2005 GENERAL FUND
REBALANCING PLAN**

RECOMMENDATION

It is recommended that the City Council approve the following actions to implement the 2004-2005 General Fund Rebalancing Plan as approved by City Council on August 17, 2004.

1. Adoption of the following Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund:
 - (a) Decrease the Property Tax revenue estimate by \$11.1 million.
 - (b) Decrease the Revenue from Money and Property revenue estimate by \$300,000.
 - (c) Decrease the Compensation/State Budget Impact Contingency Plan Earmarked Reserve by \$2.0 million.
 - (d) Establish a transfer to the General Fund from the Emergency Communication System Support Fee Fund in the amount of \$9.4 million.
2. Adoption of the following Appropriation Ordinance and Funding Sources Resolution amendments in the Emergency Communication System Support Fee Fund:
 - (a) Establish a Emergency Communication System Support Fee revenue estimate in the amount of \$9.4 million.
 - (b) Establish a transfer from the Emergency Communication System Support Fee Fund to the General Fund in the amount of \$9.4 million.
3. Adoption of a resolution amending the Schedule of Fees and Charges to establish a new Emergency Communication System Support Fee in the monthly amounts of \$1.75 per access line and \$13.13 per trunk line; with an annual cap on landline fees of \$20,000 per location; and a fee effective date of January 1, 2005
4. Adoption of a resolution implementing the rerouting of wireless 9-1-1 service from the State of California to the City of San José ("San José Wireless E9-1-1 Project", pursuant to Public Utilities Code Section 2892) and authorizing the City Manager to negotiate and execute all documents necessary to complete the San José Wireless E9-1-1 Project.

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BACKGROUND

On August 17, 2004, the City Council approved the 2004-2005 General Fund Rebalancing Plan. This memorandum details the transactions recommended as necessary to implement that Plan.

ANALYSIS

On August 17, 2004, the City Council approved the 2004-2005 General Fund Rebalancing Plan. As noted above, various Appropriation Ordinance and Funding Sources Resolution amendments are necessary to implement the Council direction given on August 17, 2004.

The 2004-2005 General Fund Rebalancing Plan also calls for an amendment to the Schedule of Fees and Charges to establish a new Emergency Communication System Support Fee. With this action, fees will be established for the two most common types of telephone lines in service: single access lines and trunk access lines. A single access line is an individual telephone line from a local telephone company to a residence or business. A trunk access line is one that is capable of carrying multiple calls, and is usually used in business applications, such as with PBX telephone systems. Based on information provided by the California Public Utilities Commission, trunk line access to emergency response systems is assumed to be 7.5 times greater than that of an individual access line. Therefore, a trunk line would be assigned an equivalency of 7.5 relative to a single line and its fee set at 7.5 times the regular single line fee.

As described in the memorandum presented to Council when conceptual approval for the fee was obtained, the Emergency Communications System Support Fee was calculated using the same process used for all the City's cost recovery fees and charges, by utilizing 2004-2005 budgeted costs for providing emergency communication services in San José, and then dividing this cost by the estimated number of telephone subscriber lines in service for the area. Based on currently available information, it is recommended that the monthly fee be established initially at \$1.75 per access line and \$13.13 per trunk line for 2004-2005, with the effective date for collection of the new fee to be January 1, 2005.

Our current estimates for the number of telephone subscriber lines rely on Statewide information adjusted to San José by population. Thus, the total number of lines are currently estimated based on information obtained from the California Public Utilities Commission and from emergency response system database records. The City has sent a letter to all known providers of telephone service requesting more precise information regarding the actual number of access lines provided to customers within San José. Ultimately, each of the companies providing phone service within City boundaries will provide statistics on the number of lines each provides within the City, and that will become the basis for future fee estimates during the City's annual fees and charges process.

HONORABLE MAYOR AND CITY COUNCIL

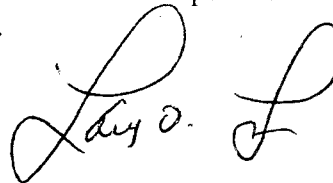
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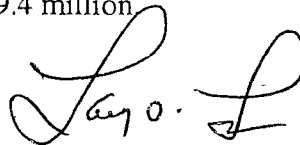
ANALYSIS (Cont'd.)

In addition, in order to provide a higher level of customer service to San José's citizens, the City Council has given general direction to the administration to take the steps necessary to implement the rerouting of wireless 9-1-1 service from the State of California to the City of San José (the "San José Wireless E9-1-1 Project") in conjunction with the establishment of the Emergency Communications System Support Fee. It is expected that the San José Wireless E9-1-1 Project will reduce the difficulties that the City now experiences in receiving and handling wireless 9-1-1 calls by allowing those calls to be routed directly to the San José Emergency Communications Center. The recommended action includes adoption of a resolution necessary to implement the San José Wireless E9-1-1 Project.



LARRY D. LISENBEE
Budget Director

I hereby certify that there will be available for appropriation in the Emergency Communication System Support Fee Fund in Fiscal Year 2004-2005 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$9.4 million



LARRY D. LISENBEE
Budget Director